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SUBJECT: MEDIA REACTION: IRAN, CHINA, IRAN, UK, YEMEN, MIDEAST,
ECONOMIC;BERLIN

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- ¶1. Lead Stories Summary

Print media led with the controversy over whether the government will accept stolen files on Germans who have parked money in Switzerland to avoid paying taxes in Germany. Editorials focused on the same issue, on the Economic Forum in Davos, and on the reaction to FDP leader Pinkwart's suggestion to rescind the decision to cut the VAT for overnight stays at hotels in half. ZDF-TV's early evening newscast heute opened with a report on German politicians haggling over buying stolen data on tax evaders in Switzerland, while ARD TV's early evening newscast Tagesschau opened with a story on the controversy between the CDU/CSU and the FDP on healthcare reform.

- ¶2. (Iran) U.S. Beefs Up Military Presence in the Gulf

All major dailies (2/1) carried factual news reports on the U.S. plan to beef up its military presence in the Persian Gulf. Sueddeutsche Zeitung carried a lengthy report under the headline: "U.S. Rearms Its Arab Allies" and wrote: "With a view towards a possible escalation in the nuclear conflict with Iran, the United States is rearming its Arab allies with advanced anti-missile defense systems. In cooperation with the governments of several Gulf states, the protection of oil terminals, harbors and other facilities will also be improved." Frankfurter Allgemeine carried a report under the headline: "America Strengthens Missile Defense

System - Patriot Missiles for the Persian Gulf States," while Die Welt headlined: "U.S. Extends Missile Defense System in the Gulf."

In an editorial under the headline: "A Missile Umbrella for Diplomacy," Sueddeutsche Zeitung (2/1) argued: "The U.S. government under President Obama is now getting serious in the conflict about Iran's nuclear program. After Tehran did not make up its mind and grabbed the U.S. hand for a dialogue, the second part of the U.S. strategy will now attempt to force Iran to give in. This is only logical and correct, even though it is not clear whether this strategy will succeed. The deployment of U.S. missiles in the Gulf is another element in this strategy, one Tehran is likely to take seriously. It will weaken Iran's ability to terrorize the region with missiles in case of an escalation of the situation. It will also diminish Iran's ability to impede the shipment of oil for the global economy. These defense missiles, however, also underscore the credibility of the U.S. threat to eliminate Tehran's nuclear facilities through military means. These [U.S.] missiles are defensive missiles...and it is now up to politicians and diplomats to do everything that they will not be used."

13. (China-U.S.) Arms Shipments to Taiwan

All papers (2/1) carried reports on the planned U.S. arms shipments to Taiwan. FAZ carried a front -page report headlined: "Beijing is Threatening Sanctions against America - 'Considerable Negative Consequences' for relations." Die Welt reported: "American Weapons for Taiwan Anger China," and wrote: "With a series of strong protests, threats to impose sanctions and the freezing of military contacts with the United States, China's leadership reacted to the

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planned U.S. arms shipments to Taiwan. In a concerted action, the Foreign, Defense and three other Ministries condemned the plans initiated by President Obama." In a report under the headline: "Beijing Is Threatening Washington," Sueddeutsche Zeitung noted: "This time, open threats from Beijing are new in that Washington's position will have adverse effects in regional political talks. Political scientist Jin Canrong from Beijing University told the APN news agency that 'the United States will now pay a price for these shipments.' He added: 'As of today, China will really take retaliatory measures, for instance with respect to cooperation in the conflicts with North Korea and Iran and with respect to anti-terror cooperation.'"

Frankfurter Allgemeine (2/1) carried an editorial under the headline: "Serious," and argued: "If the 'unity of the fatherland' is involved, the Chinese leadership is not open to arguments. It always wants to decide on its own whether and when unity is involved. The problem from a Beijing point of view is that the people in Taiwan do not want to return to the fold of the fatherland. But Beijing has never accepted such minor quibbles. That is why the anger at the United States, which now wants to send arms shipments to Taiwan for its own defense, is so great. This anger is free from any kind of artificial thunder. China is very serious about it. Hopefully, the Americans have kept this in mind before. If they did, they should now not criticize China. They must now get through this crisis in relations."

Die Welt (2/1) editorialized under the headline; "Misguided Gesture of Threat" that "the outrage in Beijing was artificial. China had known for weeks of these planned arms shipments to Taiwan. Both sides know that the arms shipments do not signal a new anti-China policy of the Obama government but only meet a large weapons order that was initiated by the Bush administration in 2001. Beijing's shrill tones do not aim at the shipments that cannot be stopped anyway but they are also thought to be a shot across the bow not to supply any of the promised offensive weapons. Otherwise, relations could really be burdened. Beijing should now try to find out why Taiwan's new President Ma Ying-jeow welcomes these arms shipments. They will help him pursue his overtures to China from an equal position.... Taiwan is rightfully afraid of the more than 1,300 missiles which are pointed from China's southern coast at Taiwan. Instead of rattling its saber, China's leadership should begin dismantling its missile threat and renounce violence in the reunification question. This would not only result in new relations

with Taiwan and the United States, but would also resolve the question of U.S. arms shipments."

Under the headline: "Beijing is Testing its Own Strength," die tageszeitung (2/1) opined: "These shrill tones from Beijing do not come unexpectedly. This criticism is to test the U.S. government but also the mood in China itself. For the first time, Chinese politicians are not only threatening political consequences but they are also threatening economic sanctions on U.S. companies. Since the U.S. Congress must approve the deal within one month, time will tell to what extent strong America's politicians and companies are still backing Taiwan. But the most important audience for the warnings is not the United States and the Taiwanese but the Chinese and the military. They should realize that the Communist Party leadership would no longer just sit back and take everything, not even from the U.S. superpower."

14. (Iran) Opposition Movements

Under the headline: "Iranian Power Struggle," Frankfurter Rundschau (1/30) judged: "The power struggle in Iran has by no means been decided yet...and both sides apparently are awaiting the next confrontation on February 11, the Day of the Revolution. Then again millions of people will take to the streets and abuse the highest

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religious leader Ali Khamenei as murderer, dictator, and new Shah. But this trend is also worrying the three opposition leaders. In their loose coalition of government critics and the dissatisfied, the number of those people is growing who want to completely abolish the system of the Islamic Republic. The opposition leaders want to dampen such a development and their latest remarks aim at this. The core of the most recent message to the part of the regime that is willing to make compromises is that they want a change personnel but not the system. But they add that the right of the people is not negotiable to call for measures against the deception that the controversial president used to stay in power. That is why the opposition leaders have now for the first time mentioned the price for the internal pacification of the country - Ahmadinejad's resignation."

According to die tageszeitung (2/1), "February 11 could be decisive for the future development in Iran. That is why it is all the more surprising that the West ignores this situation and continues to concentrate on the nuclear conflict with Iran. The United States and the EU are pushing for tough sanctions and Washington is increasing the pressure by deploying an anti-missile defense system along the Persian Gulf as if the U.S. and the EU deliberately wanted to distract attention from the internal Iranian conflict and back the regime. The radicals in Iran are likely to secretly welcome the escalation of the conflict with the West. They argue that the fatherland and Islam would be in danger. In this emergency situation, the people should unite and support the government. And every criticism that divides the people is considered collaboration with the international enemies. This is the logical consequence of the current western strategy."

15. (UK) Iraq War Inquiry

Frankfurter Allgemeine (1/30) editorialized: "A part of the British public and political elite would have liked to see former Prime Minister Blair go down to his knees before the inquiry into the Iraq War and ask for forgiveness... Of course, Blair did not submit to the huntsmen. He did not apologize but vehemently defended his decision to topple Saddam Hussein.... It is unlikely that Blair persuaded his critics. However, they must realize that September 11 changed the foundation on which those responsible in London and Washington made decisions. The issue of weapons of mass destructions was given a higher priority. Without 9/11, there would not have been a war in Afghanistan and Iraq."

In a front page editorial, Die Welt (1/30) remarked: "Those who thought Tony Blair would come as a contrite sinner were mistaken. Blair gave all he had in this rhetoric battle. He did so because this is also about his place in history books, in which he does not want to be written off as somebody who was wrong. However, he said

what he said on the Iraq War because he is convinced that it was right. Once again he made clear to a public that tends to forget that the first decade of the millennium, which began so joyfully, turned into one of a lethal terrorist threat.. What happened on September 11 was not a computer game. And it was good that there were leaders who thought that this problem could not be resolved in a diplomatic and multilateral dialogue. Who knows which tragedies were prevented by the fact that they took action in Iraq (and Afghanistan)? Tony Blair admitted the mistake of not having found Saddam Hussein's weapons of mass destruction. However, he stuck to the conviction that it was right to fight the war. He was eloquent and convincing, reflecting the passion for democracy which is so genuine for the Westminster parliament."

16. (Yemen) Anti-Terror Measures

"Why Yemen is Important" headlined Sueddeutsche Zeitung (2/1), and editorialized: "The interest of the West for Yemen will rise if

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there are growing concerns that al-Qaida could move unimpededly in Yemen. This is not new...but the Saudis should have greater reason to be worried. It is not the Huthi rebels with which the Saudis have clashed along the border but it is the disintegration of the Yemenite state that is so dangerous for Saudi Arabia. For the United States, too, there is also a reason to build up a presence in the country right now, even though no one speaks about it: between the Indian subcontinent and the Red Sea, the Chinese are looking for a strategic basis. But everywhere they are faced with a clientele from Washington. In Yemen, which has not yet been firmly embedded in the U.S. system of states, they see a chance."

17. (Mideast) Goldstone Report

Several papers carried articles on the Goldstone Report, noting that "the Israeli government is apparently considering allowing limited investigations into the Gaza War" (Frankfurter Allgemeine 1/30). Tagesspiegel (1/30) headlined a short report "Government defends Gaza offensive," adding that "in a response to the UN report on the Gaza offensive, Israel defended itself against the allegations of war crimes." Frankfurter Rundschau (1/30) carried a lengthy report by Mideast correspondent Inge Gnther, highlighting that Prime Minister "Netanyahu suggested allowing independent experts to investigate Gaza War." Frankfurter Allgemeine's Mideast correspondent Hans-Christian Rqler noted under the headline "Israel denies war crimes" that "the Israeli government refuted allegations that soldiers deliberately attacked civilians during the Gaza War" (2/1).

In a Frankfurter Rundschau (1/30) editorial, Mideast correspondent Inge Gnther noted: "Israel did not spare any efforts to respond to the Goldstone Report. It moved heaven and earth to refute the allegations that the Israeli army deliberately aimed at Palestinian civilians. The office of the prime minister recruited numerous volunteers for a counter-campaign. However, it was left to the army to examine what really happened in Gaza. Most Israelis have confidence in their army and believe it has the highest moral standards in the world. Outside of Israel, the question of why Operation Cast Lead killed 1,400 Palestinians, including many children and women, remained unanswered. The Goldstone Report's allegation of war crimes is going far, maybe too far. However, only an independent commission can provide evidence to the contrary. This is beginning to get through even to Prime Minister Netanyahu. By doing so, Israel would not compromise itself. On the contrary, a critical view would steel Israel against future mistakes and enemies."

18. (Economic) Davos World Economic Forum

Deutschlandfunk (1/30) commented: "The situation in the global banking world cannot go on. New stricter rules must be implemented. This was the number one issue in Davos, and it is reassuring that the managers from trade and industry, politics, and science have learned this lesson. But what is worrying is the still existing gap between these camps.... Davos showed that the suggestions from Washington, Paris, Brussels, and Berlin are still too contradictory

and every banker must be afraid that these proposals will be implemented. The bankers are rightfully warning against quick populist moves but offer enough points of attack and are then wondering why their factual arguments are not accepted by the public. The world is complex and multidimensional. Nevertheless, new solutions for banks must be found and developed. This Economic Forum is elitist but there is no doubt that it is also necessary."

Frankfurter Allgemeine (2/1) opined: "a first evaluation of the World Economic Forum in Davos has revealed that the interest of international media in the event is declining. This is not surprising because prominent political actors and rousing issues

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were not present this year. This year's meeting could not send a strong message because there were no clear answers to many questions. In the snow flurry of Davos, the issues could only be broached. But the mood among the U.S. and European managers was clearly better than last year."

19. (EU) Greece' Financial Problems, Stability of Euro

Sddeutsche (2/1) commented: "Of course, the Europeans could let Greece fail. They could stand by and watch what happens when one of the Euro-zone countries goes bankrupt. However, this would be a risky experiment, and all Euro countries, in fact the entire EU, would have to pay dearly for it. The Europeans would try out what the U.S. government and Federal Reserve did in the case of Lehman Brothers.... Chancellor Merkel will not be able to reject a bailout program because Greece's bankruptcy would be more dangerous in the end. The conditions of the emergency loans are more important because the wrongdoing must be punished, regardless of whether it is a bank or a state. The EU must strip Athens of its power and dictate its budget. This would make clear that it would not be a carte blanche for everybody to live on money you don't have. The EU must also apply this lesson to banks. It is not good enough that banks just repay the loans. They must be strictly regulated to stop them from making mistakes again."

10. (U.S.-Germany) Relations

In a front-page editorial, Frankfurter Allgemeine (1/30) remarked: "Germany has special relations to three countries: the United States of America, France and Israel. Their developments mirror Germany's foreign policy after the Second World War and their significance defines Germany's position in today's world policy. The relationship with America is based upon the Marshall Plan and the integration into the West. It is linked to Germany's economic rise and its return to the civilized world community after the crimes of the Nazis. The U.S. promoted the process of European unity and guaranteed Europe's security in the Cold War, from which particularly Germany as a leading state benefited. In addition, the U.S. played a major part in the [German] reunification, which it supported without any reservations, unlike some European neighbors. The East-West conflict is history; the relations of the mentor to its former model student were seriously disrupted during the Iraq war; the elites who fostered close relations between Germany and America are now beginning to leave the political stage. German-American relations are no longer fundamentally different from the obligations and interests that determine the relationships other regional medium-sized powers have with the only real world power."

MURPHY